



State of Montana

Montana Lottery

Agency IT Plan

Fiscal Year 2012-2017

May 2012

TABLE OF CONTENTS

EXECUTIVE SUMMARY1

SECTION 1: AGENCY ADMINISTRATIVE INFORMATION2

SECTION 2: AGENCY IT MISSION3

SECTION 3: AGENCY REQUIRED PROGRAMS4

SECTION 4: AGENCY IT PLAN – GOALS & OBJECTIVES6

SECTION 5: IT INITIATIVES (FY2012 – FY 2017).....8

SECTION 6: ENTERPRISE ALIGNMENT.....9

SECTION 7: PLANNED AGENCY IT EXPENDITURES10

SECTION 8: ADDITIONAL INFORMATION - OPTIONAL11

EXECUTIVE SUMMARY

The Montana Lottery was created by a vote of the people in 1986 and has grown to an organization with a staff of 31 people. Through fiscal year 2011, the Lottery generated over \$180 million in revenue for State programs as determined by the Legislature.

The Lottery offers two types of products – terminal games and scratch games. In addition, the Lottery, through an agreement with the Montana Board of Horse Racing, facilitates Fantasy Sports betting under the umbrella of Montana Sports Action (MSA). Since implementation of Fantasy Sports games, the Lottery's retail base has increased to more than 800 retailers, a 20 percent increase. In an economy where most other lottery jurisdictions have struggled to stabilize sales, game innovation and the expanded retailer base have led to an increase of more than five percent in Scratch sales and sustained online sales between fiscal year 2010 and 2011.

We have also introduced EZPLAY games to those retailers with a gaming license utilizing the new MP player activated terminals. Players can buy tickets for the various EZPLAY games without a retailer clerk. They can also purchase their favorite Fantasy games as well as any of our five lotto games.

We have added the winStation terminals at many grocery stores such as Albertsons. These player activated terminals enable players to purchase tickets when the retailers' Customer Service desks are closed. Players can purchase tickets from a large variety of scratch products as well as the five lotto games. The Lottery has increased the approximate number of terminals, by type to: Coronis terminal (580); microLot terminal (215); WinStation (58); and MP (175) terminals over the past 3 years. The Lottery continues to actively recruit new retailers.

During 2014, the Lottery will again begin the request for proposal process for the Lottery On-line Operating System so that a contract will be in place when the present contract expires on 31 March 2016. Even though this is a major procurement action, it is not considered an EPP action because no funds will be requested from the Legislature. The contractor is paid a percentage of sales during the life of the contract for all services.

The integrity of the Lottery On-line Operating system is paramount. There are numerous checks and balances in the systems. One such system is the Internal Control system; it is an independent system totally separated from the rest of the On-line system. It is used to verify, through an independent computation, total drawing sales and numbers of winners for each of our lotto games.

We have expanded the Player's Club by integrating scratch and lotto tickets with Player's Club rewards by use of a bonus barcode on most tickets. This allows players to register for second chance drawings when offered and chances to win small cash prizes. We are developing a new option where members can create an e-Playslip usable on their smart phones that can be scanned by the retailer terminals with no paper involved.

The Montana Lottery continues to keep software and hardware systems aligned with the needs of the users, State standards, available budget dollars and the latest technology.

SECTION 1: AGENCY ADMINISTRATIVE INFORMATION

Role: Plan Owner

Name: Angela Wong, Lottery Director
Telephone Number: (406) 444-5825
Email Address: AWong@mt.gov

Role: IT Contact

Name: Paul Gilbert, Director Information Technology Services
Telephone Number: (406) 444-5810
Email Address: pagilbert@mt.gov

Role: Information Security Manager (ISM)

Name: John Tarr
Telephone Number: (406) 444-5804
Email Address: JTarr@mt.gov

IT Inventory

The IT inventory database located at <http://mine.mt.gov/enterpriseitinventory> was updated on March 29, 2012. As required by MCA 2-17-524(3)(c) the plan will be updated by June 30th, 2012.

SECTION 2: AGENCY IT MISSION

Closely monitor the contractor who provides technology services for all Lottery operations including inventory, validation, accounting and the retailer network and terminals. In operating and maintaining the Lottery LAN, keep software and hardware systems aligned with the needs of the users, State standards, available budget dollars and the latest technology.

SECTION 3: AGENCY REQUIRED PROGRAMS

Information Security Management (ISM) Program General Description

General overview:

The Montana Lottery considers information security a key business function. As such, it is crucial for every employee to understand that our policies and procedures will require consistent action on their part to protect valuable information, intellectual property and other data stored or accessed by our systems. Each employee is expected to follow established standards and practice and to report potential security violations. Directors and Managers should also note that they will be individually held accountable by the Lottery Director for ensuring that these information security policies, standards and practices are followed by employees in their respective areas. The Lottery Director will designate a security manager in accordance with Montana Code Annotated 2-15-114 to mitigate threats and vulnerabilities and to document ongoing roles and responsibilities for the Lottery personnel.

The Security manager will be responsible for:

- Communicating with management to ensure support for the information security program
- Advising and making recommendations regarding technical security controls
- Managing the information security incidents to develop detection, containment and correction of security breaches
- Participating in the development of a prevention solutions for security violations
- Maintaining records in accordance with Montana Codes and Administrative rules
- Oversee and conduct risk management activities
- Provide information security awareness training to employees
- Inform management regarding any changes to Montana Law or Multi State Lottery Association (MUSL) Rule 2 requirements

Explicit guidance regarding Access to Montana Lottery information assets:

Access to Montana Lottery information assets containing data as defined in Montana Codes, Administrative Rules of Montana and MUSL Rule 2 is provided only to those individuals having a need for access into a specific area in order to accomplish an authorized task. Access is based on the principles of business need and least privilege.

When granting access the separation of duties principle is followed to maintain an appropriate level of separation of duties. Once access is granted it will be tracked and reviewed as appropriate and then modified or revoked if necessary.

Employees are reminded that access to public and shared resources such as our in office Local Area Network is for business use only and that they will be required to identify themselves prior to signing on. Only State owned personal computers are allowed in the Montana Lottery offices unless prior approval is received from the information security manager.

Mobile Devices:

Employees will not store protected data on mobile devices unless effective security controls are implemented to protect the data. Often these effective measures include encryption and physical protection which ensures only authorized access is allowed to the protected data. The Lottery information security manager should review and approve the levels of protection on the mobile device prior to uploading any data.

Vendor information supported systems:

The Montana Lottery contracts out the responsibility for our gaming management system, terminals, and back office management systems through the Montana Procurement Office controlled formal bidding process. The current contractor is INTRALOT USA whose contract expires in March of 2016. These gaming related systems are controlled access only and not connected to any outside network in accordance with MUSL Rule 2 procedures. The

clustered primary operational servers for the computer gaming system are physically located in a restricted access facility in Helena, Montana. A third system for disaster recovery (or backup) is located in Strongsville, Ohio. In addition to these three servers, two independently control system servers which function as a pass through recording system are located in Helena with a third backup in Strongsville. All systems have passed MUSL reviews and an independent third party assessment audit in 2011 and were reviewed in accordance with the requirements outlined Montana Code Annotated 23-7-411 by the Montana Legislative IT Auditors three times in the past six years. Data on all of these systems is stored in an encryption form and protected in our contract as intellectual property and as such belongs to the Montana Lottery and not INTRALOT. All changes to games or systems software are tested first by INTRALOT and then by the Montana Lottery on independent test servers and terminals in accordance with the standards established in MUSL Rule 2 procedures.

Continuity of Operations (COOP) Capability Program General Description

Montana Lottery operations:

As a State Agency attached to the Montana Department of Administration for support the Montana Lottery actively participates in the DOA COOP planning process. The basic goal of this effort is to allow the Montana Lottery and other agencies a way to develop an interrelated standard template to use for consistent development of the overall State of Montana plan. If maintained properly this effort will result in a tested document that will allow for the continuance of critical State functions, systems, and services when a disruption occurs after a disaster or emergency situation. The Montana Lottery Director has designated the Montana Lottery Security Director as the primary individual responsible for this work. In addition to this effort the Montana Lottery also maintains a separate COOP/Disaster plan which is tailored specifically to Montana Lottery Operations, vendor support and retailer support requirements. RFP releases made on behalf of the Montana Lottery contain requirements for COOP planning by respondents. All systems and operational areas of the Montana Lottery main office are supported by generators and uninterrupted power systems to provide backup power. These power backup systems are capable of sustaining operations one week without refueling.

Vendor gaming systems:

INTRALOT is the current vendor for the Montana Lottery computer gaming system (CGS) and they are required by contract to maintain an updated business continuity plan that is reviewed by the Montana Lottery Security section twice a year. As stated the system was designed utilizing three server clusters which stores data on a continual basis. Two clusters are located in Helena, Montana and one is at the Disaster Recovery site in INTRALOT'S Eastern regional operations center located in Strongsville, Ohio. All three of these clusters are under constant visual and logical monitoring from the INTRALOT Western regional operations center in Boise, Idaho and Montana Lottery Security staff. The network also utilizes satellite based communications with multiple backups so interruption of State procured hard wired services is not a concern. Exposure to local environmental and geological risks is minimal since the entire communications network can be operated from one of three locations Helena, Montana; Boise, Idaho; or Strongsville, Ohio. All systems and operational areas of Montana linked INTRALOT operations in Montana, Ohio and Idaho are supported by generators and uninterrupted power systems to provide backup power. These power backup systems are capable of sustaining operations one week without refueling.

SECTION 4: AGENCY IT PLAN – GOALS & OBJECTIVES

Goal Number 1:

IT Goal 1 Maximize State revenues and increase the number of retailers.

Description: The Lottery must continue to increase the number of retailers always including a more diverse mix of retailers. The Lottery must always strive to offer games that are attractive to our core base of players as well as offer games that attract different groups of users.

Benefits: The State of Montana will benefit from an increased amount of funds put into the General Fund. Our retailers will have increased sales and thereby increase their commissions. Players will benefit by being able to play more and different games. Retail locations will be more numerous which will be a greater convenience to the players.

<Which state strategic goal(s) and/or objective(s) does your goal address?> We help create jobs and a favorable business climate and at the same time improve government services.

Supporting Objective/Action

Objective 1-1 Increasing Revenue

We are always seeking ways to improve retailer sales. This is done by finding new retailers and/or increasing sales of present retailers by added displays, games or incentives.

As the retailer base expands, sales should increase thereby increasing revenues and the portion of those revenues that are transferred to the General Fund.

The risks are slight. A few retailers may not be able to sell what was expected of them.

This supporting objective supports increased sales and increasing the numbers of retailers to maximize State revenues and is an ongoing objective.

Describe the critical success factors associated with this objective; i.e., how will you know when it has been successfully completed?> This is a permanent and continuous action.

Goal Number 2:

IT Goal 2 Maintain Administrative Information Technology Systems within State of the Art Technology.

Description: We strive to operate and maintain a state of the art administrative LAN, but still keep within budget and State IT standards.

Benefits: The Lottery staff and the taxpayers of Montana benefit by having the Lottery utilize a cost effective, well maintained administrative network set by State IT standards.

By providing the Lottery staff with state of the art technology to better perform their jobs while maintaining State standards published by SITSD and keeping within budget guidelines.

Supporting Objective/Action

Objective 2-1 Provide Lottery employees with state of the art personal computers and fast and efficient connection to the State LAN and to the Lottery on-line operating system.

PCs have a 5 year life cycle and must be replaced. We will replace approximately 20% of the administrative PCs every year and the administrative server once every 5 or 6 years.

Lottery employees will utilize state of the art hardware and software and are able to use every tool available

to perform their jobs in an effective and efficient manner.

Describe the anticipated risks associated with this objective. (e.g., risks associated with inaction or not completing this objective; risks associated with completing this objective). Because of the small numbers of PCs to be purchased every year, not having the necessary funding for the replacement PCs is a slight risk.

What is the timeframe for completion of this objective? This is an annual objective and should be completed by the end of each fiscal year.

Describe the critical success factors associated with this objective; i.e., how will you know when it has been successfully completed?> N/A

SECTION 5: IT INITIATIVES (FY2012 – FY 2017)

Initiative 1 Replace the current contractor responsible for the Lottery on-line operating system.

Description: The current contract for operating and maintaining the Lottery Operating System will expire in March 2016. This system includes the accounting, validation, scratch ticket inventory, distribution, and the paying of winners of scratch tickets and the generation, validation, accounting of the terminal generated lotto games. The contract also includes all hardware, software and communications connecting the more than 800 retailers across the state. The Lottery must start the request for proposal process by mid 2014. This project does not require any funding from the State Legislature. The contractor is paid a percentage of each ticket sale.

EPP Number (if applicable)

N/A

SECTION 6: ENTERPRISE ALIGNMENT

Communities of Interest Participation

- ☐ Government Services
- ☒ Public Safety
- ☐ Human Resources
- ☐ Environmental
- ☐ Education
- ☐ Economic
- ☐ Cultural Affairs
- ☐ Finance

Public Safety – the Lottery cooperates with law enforcement posting Amber Alert messages on our retailer terminals, state wide.

SECTION 7: PLANNED AGENCY IT EXPENDITURES

<u>Expense Category</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
Personal Services	218,411	218,411	220,000	220,000	220,000	220,000
Operating Expenses	204,346	204,346	205,000	205,000	205,000	205,000
Initiatives	0	0	0	0	0	0
Other expenditures*	2,810,000	2,810,000	2,900,000	2,900,000	2,900,000	2,900,000
Totals	3,232,757 0	3,232,757	3,325,000	3,325,000	3,325,000	3,325,000

SECTION 8: ADDITIONAL INFORMATION - OPTIONAL

Other types of information that support the agency's IT Plan. Some examples might include other COI participation, reference to other IT plans such as GIS plan, eGovernment plan, security plan, staffing issues and constraints, etc.